COMPT 80-0314

5 0 MAR 1980  CRAF 7

MEMORANDUM FOR:  Deputy Director of Central Intelligence

FROM          :  Maurice Lipton
                 Comptroller

SUBJECT       :  CRAFT


1.  With the assistance of a panel chaired by the Deputy Comptroller
and representatives of the DDO, DDS&T, and DDA, I have made an appraisal
of the accelerated CRAFT proposal briefed to the Executive Committee and
contained in a draft paper prepared by an interagency group under the aus-
pices of IMS.  I commend those responsible for the draft proposal for a
thoughtful and candid consideration of the issues involving CRAFT prepared
under severe time constraints.  My principal findings are:

2.  <u>The Agency should support an accelerated program.</u>  Whatever its
final configuration, CRAFT will help our human source collection efforts
overseas by:

        -- saving clerical effort, including that now performed
    by case officers;

        -- developing file systems that are easy to use
    and that provide more data for operational use; and

        -- providing a more secure overseas environment than
    we have now by reducing the amount of paper in a station
    and making files easier to destroy and, possibly, easier
    to reconstitute.

3.  <u>There is a good security argument for CRAFT, but it is not unequivo-</u>
<u>cal.</u>  It will be substantially easier for a station to destroy an equivalent
amount of data stored via CRAFT than in paper holdings.  Moreover, insofar
as CRAFT limits the amount of paper in a station, the station will be intrin-
sically more secure.  But consider that:

        -- We have done no detailed analysis describing the
    connection between the security provided by CRAFT and
    that provided by microfiche storage of data in the field.

        -- CRAFT will not eliminate all paper holdings in
    a station.  Indeed, each terminal will have an attached
    paper printer.

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REASON _____  3d(3)

-- CRAFT will not be readily available to CIA officers

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-- A security error is potentially more damaging
because magnetic storage media contains much more
information than does an equivalent amount of paper.
(See attachment for listing of pros and cons re CRAFT
and security prepared by the Security Officer on the
accelerated CRAFT team.)

4. The accelerated program should be limited to the stand-alone word
and data processing aspects of CRAFT. The draft proposal discusses "interim"
or "short-term" CRAFT and "long-term" CRAFT. "Interim" CRAFT refers to stand-
alone word-processing and data processing systems in ████ overseas stations
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by FY 1984. The "long-term" system connects CRAFT directly to Headquarters
files. The draft proposal does not discuss in any detail the "long-term"
effort; little systematic work has been done on it and its requirements for
communication and other resources would be very great. Hence, putting the
"long-term" effort on the back burner makes good sense, although we should not
lose sight of the fact that the advent of the MERCURY communications upgrade
late in the decade will make "long-term" CRAFT a viable option.

-- With respect to "interim" CRAFT, one must say
right off that we should not, and cannot justify the
expenditure of $80 million for an "interim" step to an,
as yet, unknown complete system. Hence, whatever we
go forward with at this time should be understood by
us as the CRAFT system we want to buy.

5. The accelerated CRAFT program submitted to the Executive Committee
is probably not workable as submitted. It proposes getting nearly 100
"intelligent" Delta Data 7000 terminals and three minicomputers into the
field in FY 1981. But consider that:

-- The proposal requires about $6 million in FY 1980.
It is highly unlikely that such additional funds will
become available in 1980.

-- The proposal will necessitate the diversion of
Delta Data terminals the Agency already has on order
for 1980 and 1981 delivery. Moreover, it will not be
possible to get as many printers to the field in FY
1981 as the plan calls for.

-- Word processing software for just the "intelligent"
terminal is months away from completion. Getting the bugs
out will take us well into FY 1981.

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-- The plan calls for crucial activities to be under
way simultaneous with sending terminals to the field.
For example, an integrated test of the system must be
done before any deployment to the field. But it cannot
be done until the beginning of FY 1981.

--- In sum, the proposed schedule is far too optimistic
in its assumptions regarding the availability of needed
hardware and software and the near-perfect performance
of staff, contractors, and industrial suppliers on a day-
in, day-out basis. It underestimates the procedural,
bureaucratic, and technical difficulties that are inherent
in building any system as large as CRAFT and with as many
actors. There is little or no allowance-for-trouble
built into the schedule, although it is inevitable,
on the basis of past experience, that in the real world
there will be unforeseen delays and problems.

6. Because of the rapid shift from a measured to an accelerated
CRAFT, we lack the kind of detailed supporting data and analysis that
is essential to building a system as complicated as CRAFT and to selling
it to outside reviewers. There are no insuperable problems here. But
it takes time to develop such data as detailed system requirements, system
definitions, task plans, training and maintenance plans, and operating
scenarios. We need to have a clear conception, on paper, of what small
and large stations look like before and after CRAFT. We need to have
a detailed management plan with spelled-out obligations for all parties,
i.e., the Offices of Communications, Data Processing, Training, and
Logistics, in addition to IMS. Some of this work is already under way,
but almost all of it remains to be started or completed.

7. In making your decision with respect to CRAFT, you should also
keep in mind:

-- Assuming that we do get a budget amendment in 1981
and we scale back the data processing portion of the draft
proposal, there will still be considerable costs associated
with the system in 1982, 1983, 1984, and 1985. We might
be talking about $10-15 million in 1982, a year when we
will have substantial resource needs for strengthened R&D,
NPIC, and agent equipment for the human source collection
effort. With respect to the latter, your guidance for 1982
asserts that we try to strengthen clandestine collection
in 1982. Do we feel comfortable making CRAFT the center-
piece of that effort? Is it the highest pay-off step we
can take?

-- The State Department is also well into overseas
word and data processing, first on an unclassified

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basis, but now they are beginning to consider handling
classified material. Like it or not, we will inevitably
get involved in the Department's efforts. We should
take the initiative to keep abreast of what they are
doing and, if possible, get them to use our types of
equipment for whatever classified automated effort
they get into.

--- Finally, we can count on considerable difficulties
with RMS and OMB on accelerated CRAFT. The latter, in
particular, will want to avoid any 1981 budget amendment,
especially given the President's commitment to attack
inflation by cutting $20 billion from the existing budget
to reduce the deficit. Getting CRAFT into a budget
amendment will depend on how well we can demonstrate
that it is a coherent response to the changing world
situation.

8. <u>Recommendations</u>: That you establish a CRAFT project office, staffed
by officers from IMS and the Offices of Security, Communications, and Data
Processing. The project office should report to the DDO via the Chief, IMS.
This office should immediately develop supporting data in this priority:

a. A revised proposal that deletes any need for
significant funds in 1980, that makes the assumption
that the bulk of the costs will be funded starting in
1982, and that has sufficient funding in 1981 (on the
order of $3-5 million) to meet highest priority needs.

b. The proposal should:

(1) provide a management plan that describes
the obligations and relationships of the Offices
of Communications, Data Processing, Training,
Logistics, and IMS;

(2) provide for the assistance of contractors
to assist the project office as system integrators
and in such other roles as may be required consider-
ing the potential difficulty in greatly increasing
staff positions; and

(3) describe what the plans are for data
conversion of station paper holdings.

c. Provide a priority listing of overseas stations to
receive CRAFT as well as criteria establishing priorities.

d. Analyze the security and efficiency gains from
CRAFT. Include scenarios of what would happen in burn-out
situation, including restoration of files, etc.

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e. Write a word model of a station with CRAFT including specifics on such matters as the files to be included on floppy discs, how they will be updated, how and how frequently Headquarters duplicative holdings will be updated, what paper holdings will remain, etc.

f. Develop task plans and schedules to develop and deploy a CRAFT system overseas.

9. All portions of this document are classified SECRET.

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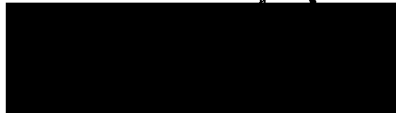
Maurice Lipton

Attachment:
    As Stated

Distribution:
    Orig - Addressee
        1 - ER
        1 - DDO
        1 - DDA
        1 - C/IMS
        1 - Each CRAFT Review
            Group Member
        1 - Compt Subj
        1 - Compt
        1 - D/Compt
        1 - Compt Reading

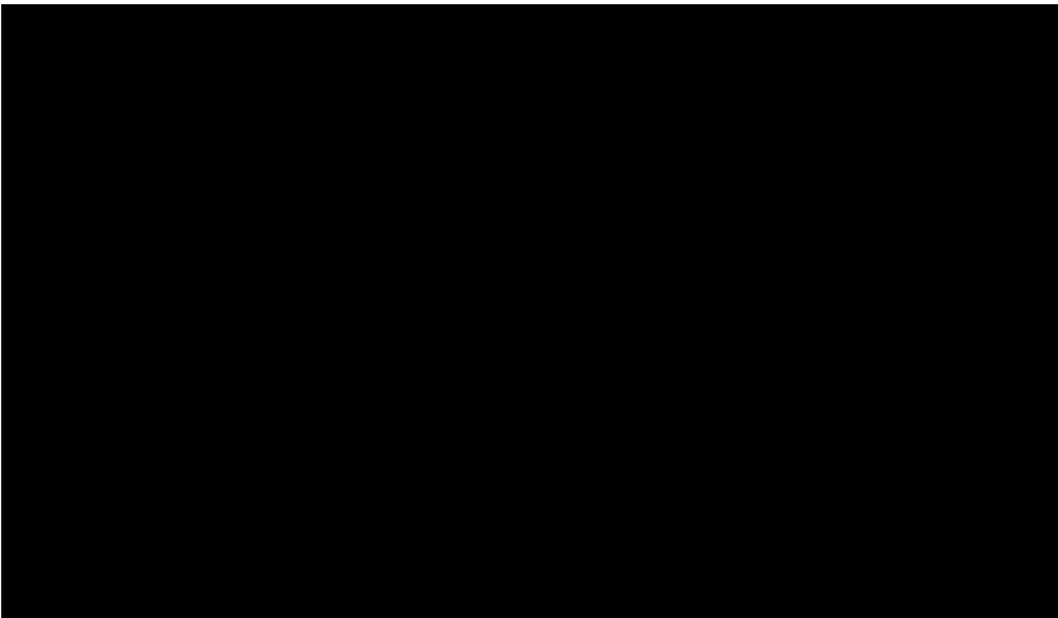25X1A    O/Compt/D/Compt          hr 3/5/80

Security Advantages and Concerns Relative to Overseas CRAFT

This paper attempts to identify the major security advantages and concerns which will result from implementation of the CRAFT system at overseas locations. It assumes that eventually the CRAFT system will result in virtually paperless overseas stations and bases. It should be noted that the advantages outweigh the concerns of putting CRAFT overseas.

ADVANTAGES

    1. Emergency and routine destruction time for classified information will be greatly reduced.

    2. Eventual development of data encryption will result in greater security for information stored in magnetic media than is currently available in paper form.

    3. There will be a reduction in the number of safes needed to store classified information.

    4. Has the potential for reducing the number of classified paper documents created in the field.

    5. Highly reliable and relatively inexpensive magnetic storage destruction devices are available in contrast to the expensive and unreliable devices currently in use overseas for destruction of classified paper.

CONCERNS

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Remarks: Bruce:
Final version of the
CRAFT paper. No word
back or reaction as of
12 March.

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